

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

PURCHASED WATER ADJUSTMENT)	
OF FLEMING COUNTY WATER)	CASE NO. 7860-1
ASSOCIATION)	

O R D E R

On March 26, 1984, Fleming County Water Association ("Fleming County") filed its application with the Public Service Commission ("Commission") for authority to adjust its rates in accordance with 807 KAR 5:067, Purchased Water Adjustment Clause. On April 6 and April 24, 1984, the Commission requested that additional information be filed. The information was filed on April 12 and May 7, respectively, and the record is now complete.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

(1) During the 12-month period ending December 31, 1983, Fleming County purchased a total of 61,357,860 gallons of water. Of this, 51,195,860 gallons were purchased from the City of Flemingsburg ("City") at a rate of \$.70 per 1,000 gallons and 10,162,000 gallons were purchased from Western Fleming Water District ("Western Fleming") at a rate of \$1.00 per 1,000 gallons pursuant to a water purchase contract entered into on August 17, 1983.

(2) Due to a shortage of water from the City, Fleming County entered into a water purchase contract with Rowan Water, Inc., ("Rowan") on August 10, 1983, whereby it would purchase water at a rate of \$1.10 per 1,000 gallons.

(3) No water was purchased from Rowan during the test period; however, Fleming County estimates it will purchase 3,000,000 gallons annually from Rowan, 18,000,000 gallons from Western Fleming and the remainder of its annual water requirements from the City.

(4) The City increased its wholesale cost of water from \$.70 to \$1.05 per 1,000 gallons effective April 16, 1984.

(5) The statements of water purchased and sold by Fleming County for the 12-month period ending December 31, 1984, show that Fleming County's line loss is 12.9 percent which is less than the 15 percent maximum allowed by the Commission.

(6) In its response, filed April 12, 1984, Fleming County stated the City had internal accounting control difficulties and that two of its master meters were malfunctioning during part of the test period. Fleming County also stated its calculations were based on a reconstituted water cost.

(7) Based on the statements of water purchased and sold and Fleming County's estimates of annual water purchases from each of its three suppliers the total allowable increase in purchased water costs is \$17,677 which results in a purchased water adjustment of \$.33 per 1,000 gallons.

(8) The financial exhibits filed by Western Fleming indicate that it cannot absorb an increase of this magnitude in the wholesale cost of water.

(9) The purchased water adjustment in the amount of \$.33 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that the purchased water adjustment in the amount of \$.33 per 1,000 gallons and the rates in Appendix A be and they hereby are approved effective for services rendered on and after the date of this Order.

IT IS FURTHER ORDERED that for future application of the purchased water adjustment clause of Fleming County, the base rates for purchased water shall be:

<u>Supplier</u>	<u>Rate</u>
City of Flemingsburg	\$1.05 per 1,000 gallons
Rowan Water, Inc.	1.10 per 1,000 gallons
Western Fleming Water District	1.00 per 1,000 gallons

IT IS FURTHER ORDERED that within 30 days of the date of this Order, Fleming County shall file its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 6th day of July, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Demery
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 7860-1 DATED July 6, 1984.

The following rates are prescribed for customers served by Fleming County Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

<u>GALLONAGE BLOCK</u>	<u>RATE</u>
First 2,000 gallons	\$8.41 Minimum
Next 8,000 gallons	3.73 per 1,000 gallons
Next 40,000 gallons	2.43 per 1,000 gallons
Over 50,000 gallons	1.68 per 1,000 gallons